



United States Department of the Interior

5/021/032

BUREAU OF LAND MANAGEMENT

Cedar City Field Office
176 East DL Sargent Drive
Cedar City, Utah 84720

In Reply Refer To:

UT-040

3600: UTU-79327, Beryl Jct. Sales Contract

August 1, 2002

Mr. Preston Hafen
Color Country Rock, LLC
291 E 1400 S #1
St. George, UT 84790

Dear Mr. Hafen:

This letter is in regard to materials sales contract UTU-79327 (Rhyolite #1 Quarry) southwest of Beryl Jct., Utah.

Through letter dated July 19, 2002 from this office, I transmitted a 1 year contract extension for the Rhyolite #1 site to cover the period of 7/30/2002 through 7/30/2003. As a special stipulation attached to that extension, I indicated that you would need to post a reclamation bond by August 30, 2002, in the amount of \$1,500 for each acre to be disturbed at the site, or the contract would be suspended. While the original contract amount of \$2,000 for this site made a reclamation bond optional under the applicable regulations, the merging of the unused royalty from the Newcastle (Red Devil) site increased the contract amount to a level that makes a reclamation bond mandatory under the regulations (43 CFR 3602.14(a)).

On July 31, 2002, you contacted me by telephone to request that the requirement to bond this site be delayed until January, 2003. You explained that this delay would be very helpful in reducing the financial burden on your business until cash flow could be increased by this and other properties your company is developing. I agree to postponing the reclamation bond requirement to that time. The enclosed modified list of special stipulations to be attached to the contract extension (UTU-79327-A1), reflects the revised (January 30, 2003) bonding deadline.

If you have any questions, please feel free to contact me at 435-865-3040.

Sincerely,

Ed Ginouves
Mining Engineer

Enclosure: UTU-79327-A1 Modified Special Stipulations

cc. Doug Jensen, DOGM

RECEIVED
AUG 05 2002
DIVISION OF
OIL, GAS AND MINING

Special Stipulations for Material Sales Contract: UTU-79327-A1

1. This contract serves as an extension of a previously issued contract (UTU-79327), which was issued for the period of June 30, 2001 through June 30, 2002. The contract extension UTU-79737-A1 will cover the period of 7/30/2002 through 7/30/2003.
2. Royalty due for the UTU-79327-A1 contract amount has been paid in advance, in full. Royalty due for this contract has been covered through an extension of the contract period for the previously issued UTU-79327 contract and a transfer of the unused royalty paid for expired contract UTU-79326.
3. A reclamation bond in the amount of \$1500/acre must be posted for each acre disturbed during material removal operations at this site. This bond must be posted with the CCFO by **January 30, 2003**, or the contract is suspended until the necessary bond posted. As of July 19, 2002 the area disturbed in the contract area surveyed at 1.5 acres.